

1 TEXT OF PROPOSED CHANGES
2 TO THE REGULATIONS OF THE
3 COMMISSIONER OF CORPORATIONS
4 UNDER THE FRANCHISE INVESTMENT LAW
5 DATED: January 13, 2000

6 1. Adopt Section 310.100.3 to read:

7 310.100.3. (a) There is hereby exempted from the provisions of Section 31110 of the
8 Code as not being comprehended within the purposes of the Franchise Investment Law and the
9 registration of which is not necessary or appropriate in the public interest or for the protection of
10 investors, any communication made through the Internet, World Wide Web, or any other similar
11 proprietary or common carrier electronic delivery system, of an offer or sale of a franchise
12 ("Internet Offer"), provided:

13 (1) The Internet Offer indicates, directly or indirectly, that the franchise is not being
14 offered to the residents of the State of California;

15 (2) The Internet Offer is not otherwise directed to any person in California by or on
16 behalf of the franchisor or anyone acting with the franchisor's knowledge; and

17 (3) No franchises are sold in California by or on behalf of the franchisor until the
18 offering has been registered under the Franchise Investment Law and declared effective, and the
19 Uniform Franchise Offering Circular (UFOC) has been delivered to the offeree before the sale
20 and in compliance with the Franchise Investment Law.

21 (b) Reliance on an exemption from registration under this rule does not preclude a
22 franchisor from relying on any other exemption provided under the Franchise Investment Law or
23 the rules promulgated thereunder.

24 Note: Authority cited: Section 31110. Reference cited: Section 31013.